

DOCUMENT RESUME

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[Allegations concerning Contracting for Shipments of Personal Property of Military Personnel]. LCD-78-225; B-157476. May 9, 1978. Released June 9, 1978. 2 pp.

Report to Sen. Floyd K. Haskell; by Robert G. Rothwell (for Fred J. Shafer, Director, Logistics and Communications Div.).

Issue Area: Facilities and Material Management (700);

Contact: Logistics and Communications Div.

Budget Function: National Defense: Department of Defense -
Procurement & Contracts (C58).

Organization Concerned: Department of Defense; Department of the
Air Force; Herritt Moving and Storage Co.

Congressional Relevance: Sen. Floyd K. Haskell.

Allegations were made that the Government might be incurring excess costs because of contract administration weaknesses involved in contracts for the movement of military members' personal effects. Contrary to procurement regulations, services were included in bid solicitations which were either not required or were used infrequently. This practice provided a bidding advantage to the current contractor since he was aware of the services actually required and did not guarantee the lowest cost to the Government. Such services will be excluded from subsequent solicitations, and unforeseen requirements will be satisfied by using appropriate small purchase procurement procedures. (RBS)

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RELEASED 6/9/78



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

B-157476

May 9, 1978

The Honorable Floyd K. Haskell
United States Senate

Dear Senator Haskell:

Your letter of February 9, 1978, asked us to investigate allegations by Merritt Moving and Storage Company concerning contracting for services required connected with movement of military members' personal effects to and from the U.S. Air Force Academy, Peterson Air Force Base, and Fort Carson, Colorado. Merritt was concerned that the Government might be incurring excess costs because of contract administration weaknesses.

The major issue which surfaced during our investigation was that, contrary to the provisions of the Armed Services Procurement Regulation, the military activities mentioned above included services in their bid solicitations which were either not required or were used infrequently. Officials of these activities agreed that this practice (1) gave a bidding advantage to the current contractor since he was aware of the services actually required and (2) did not guarantee the lowest cost to the Government. They plan to exclude such services from subsequent solicitations and to satisfy unforeseen requirements by using appropriate small purchase procurement procedures. We are preparing a letter to the Department of Defense stating our findings. A copy will be forwarded to you for your information.

We have discussed our review results with Mr. John J. Collins, Executive Vice President of Merritt, and he is satisfied with the corrective actions taken or planned by Defense. We have also briefed your Denver staff.

LCD-78-225
(943325)

We will not release this report for distribution to interested parties for 30 days unless you publicly announce its contents earlier.

Sincerely yours,

R. E. Rothwell

for F. J. Shafer
Director